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FULL YEAR RESULTS TO 30 JUNE 2012

27 AUGUST 2012

Disclaimer

Company announcements and presentations can contain forward-looking statements. Words such as “believe”, “anticipate”, “plan”, “expect”, “intend”, “target”, “estimate”, “project”, “predict”, “forecast”, “guideline”, “should”, “aim” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical markets; the supply and cost of materials; exposure to environmental or other legal proceedings; and risks of conducting business internationally. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.

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FULL YEAR OVERVIEW

Grant Harrod

Financial Summary

$ million	H2 2012	H2 2011	% Change (pcp)	2012	2011	% Change (pcp)
Reported sales revenue	401.1	415.4	-3.4%	823.4	863.0	-4.6%
Underlying EBITDA [(1)]	54.4	49.7	9.5%	103.5	109.6	-5.6%
Underlying EBITA [(1)]	42.6	39.8	7.0%	80.6	88.6	-9.0%
Underlying EBITA margin [(1)]	10.6%	9.6%	+100bp	9.8%	10.3%	- 50bp
Underlying profit (NPAT) [(2)]	20.4	16.3	25.2%	34.7	42.4	-18.2%
Statutory profit (NPAT)	16.8	13.3	26.3%	30.3	36.0	-15.8%
Underlying earnings per share[(2)] (cents)	12.9	10.3	25.2%	22.0	26.8	-17.9%
Statutory earnings per share (cents)	10.7	8.3	28.9%	19.2	22.7	-15.4%
Ordinary dividend (cents per share)	10.5	12.5	-16.0%	19.0	24.0	-20.8%

[(1)] Adjusted for significant items
[(2)] Adjusted for significant items after tax

Highlights

- Underlying EBITA of $80.6m within guidance
- Building momentum – strong H2, growth in underlying EBITA of 7% and significant margin expansion from 9.6% to 10.6%
- Continued strong cash generation – net debt down to $241.6m
- Divestment of BPO for $375 million
- TMS – catalogue volumes strong in major retailers and new markets, and digital continuing to progress
- CCS – improved performance from contact centres and speech
- BPO – positive impact of recent capital investment and site consolidations, growth in e-business and disciplined cost focus, all with consequent margin expansion
- Final dividend declared of 10.5 cps, amounts to a full year dividend of 19 cps, fully franked

Divestment of BPO

- Unsolicited approach for BPO division announced on 30 May 2012
- Board received considerable interest from a range of parties
- Sold to FUJIFILM Holdings Corporation for $375 million
- Subject to standard pre-conditions
- Completion expected mid-October 2012
- Simplifies and focuses group strategy on “front office” communication services – maximise Return on Communication
- Accelerate growth strategy by building scale and capability in digital services and communication market
- Review of appropriate business structure, capital management and gearing levels
- Partnership opportunity with Fujifilm Holdings to develop Asia Pacific strategy

GROUP FINANCIAL PERFORMANCE

Chad Barton

Summary 2012
Financial Performance

$ million	H2 2012	H2 2011	% Change (pcp)	2012	2011	% Change (pcp)
Reported sales revenue	401.1	415.4	-3.4%	823.4	863.0	-4.6%
EBITDA	**50.1**	**45.4**	**10.4%**	**98.1**	**100.4**	**-2.3%**
Depreciation	-11.8	-9.9	-19.2%	-22.9	-21.0	-9.0%
EBITA	38.3	35.5	7.9%	75.2	79.4	-5.3%
Significant items	4.3	4.3	-	5.4	9.2	41.3%
Underlying EBITA	**42.6**	**39.8**	**7.0%**	**80.6**	**88.6**	**-9.0%**
Underlying EBITA margin	10.6%	9.6%	+100bp	9.8%	10.3%	- 50bp
Amortisation	-6.0	-6.7	10.4%	-12.3	-12.0	-2.5%
Underlying EBIT	36.6	33.1	10.6%	68.3	76.6	-10.8%
Net interest	-10.1	-10.1	-	-20.9	-16.9	-23.7%
Tax expense	-6.1	-6.7	-9.0%	-12.7	-17.3	26.6%
Underlying profit (NPAT)	**20.4**	**16.3**	**25.2%**	**34.7**	**42.4**	**-18.2%**
Significant items after tax	-3.6	-3.0	-20.0%	-4.4	-6.4	31.3%
Statutory profit (NPAT)	**16.8**	**13.3**	**26.3%**	**30.3**	**36.0**	**-15.8%**
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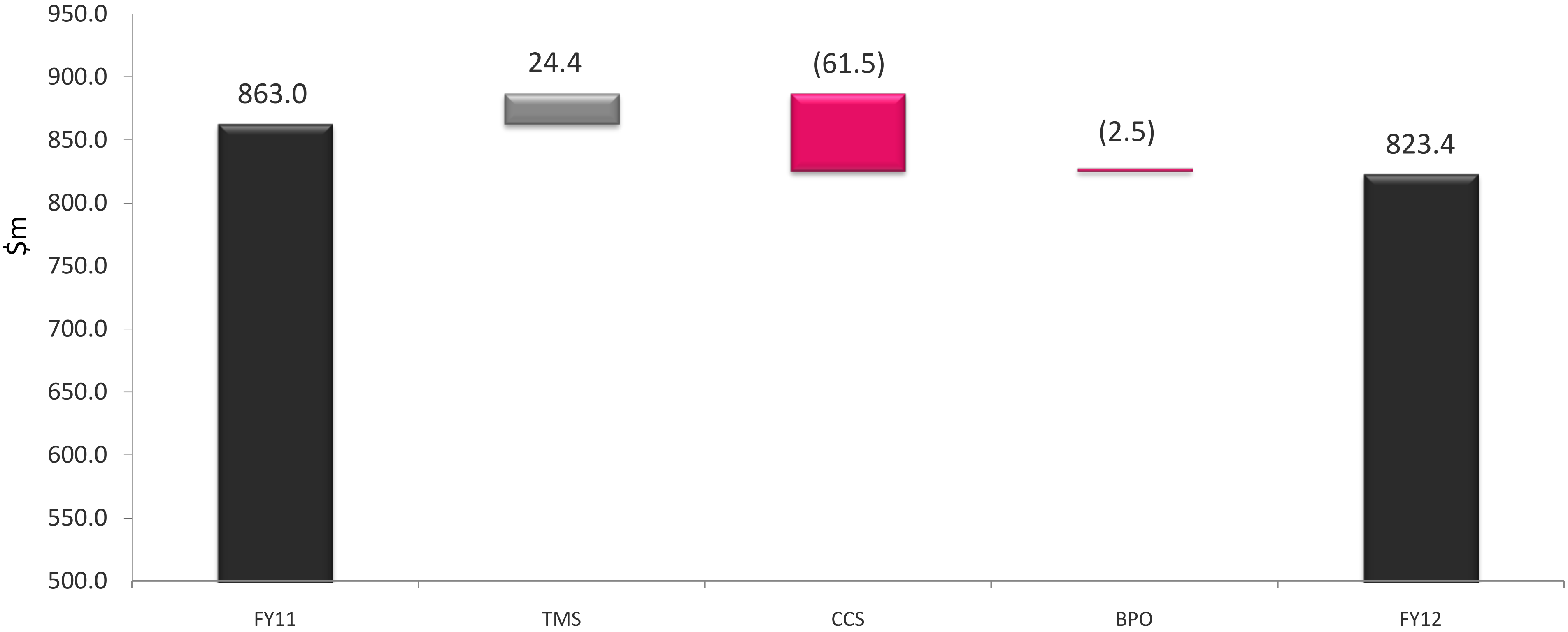
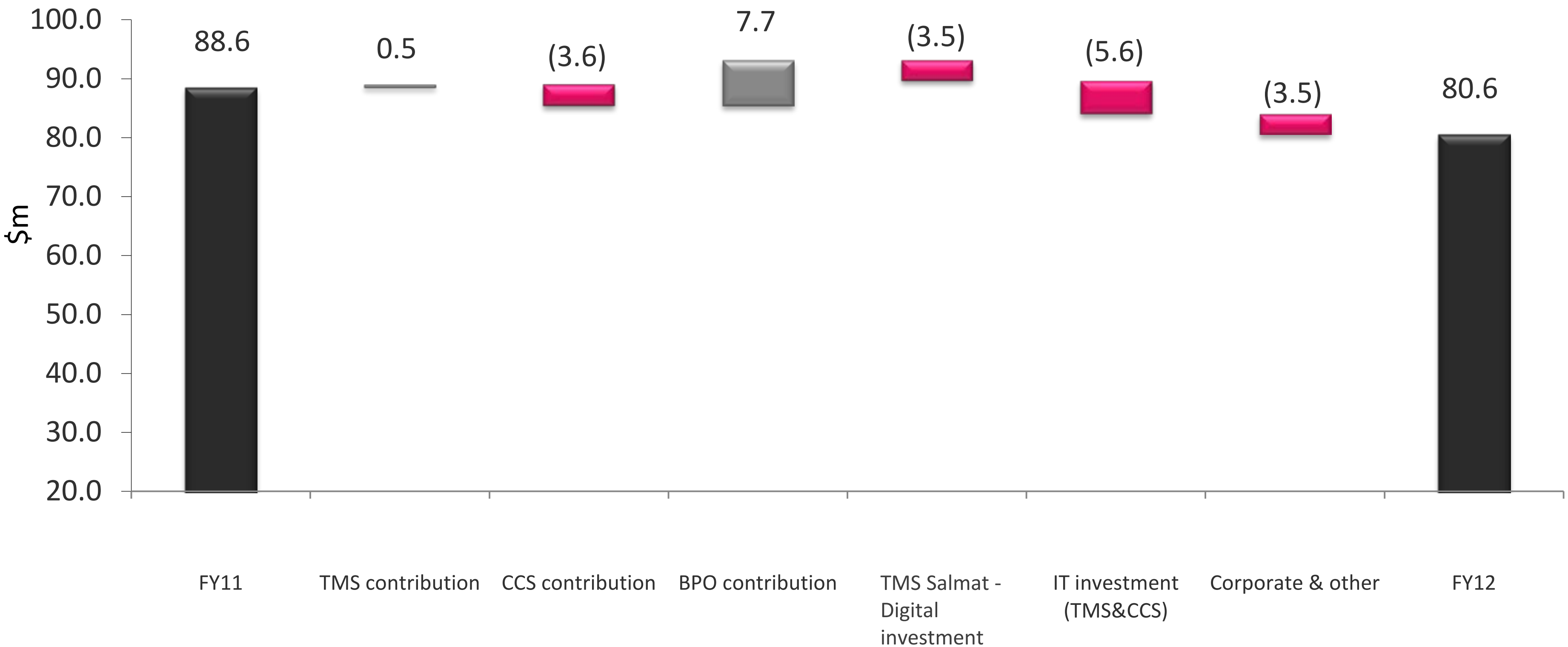
Revenue Bridge



Underlying EBITA Bridge



Balance Sheet

- Continued strong working capital management driving cash balance
- Fixed assets have decreased due to lower capex in 2012
- Net debt at year end $241.6m – down $16.7m from June 2011
- Gearing ratio at 47.1%
- Total facilities available of $83.4m
- Senior debt unchanged
    - Tranche A ($105m) and Tranche B ($105m) maturing Dec 2013
    - Tranche C ($99m) maturing Dec 2014
- Traded comfortably within banking covenants
    - Net Debt: EBITDA < 3.5x
    - Interest cover > 3.0x

$ million	2012	2011	Change A$m	Change %
Cash and cash equivalents	37.4	20.6	16.8	81.6%
Accounts receivable	112.6	114.3	-1.7	-1.5%
Fixed assets	59.8	61.4	-1.6	-2.6%
Goodwill and intangibles	448.4	460.5	-12.1	-2.6%
Other	38.2	36.2	2.0	5.5%
Total assets	**696.4**	**693.0**	**3.4**	**0.5%**
Current liabilities	132.1	120.0	12.1	10.1%
Non-current borrowings	274.3	275.1	-0.8	-0.3%
Other non-current liabilities	19.0	19.8	-0.8	-4.0%
Total liabilities	**425.4**	**414.9**	**10.5**	**2.5%**
Equity	**271.0**	**278.1**	**-7.1**	**-2.6%**

Operating Cashflow

- Cash conversion strong at 114%
- DSO – improved to 32.7 days
- Interest up due to full year charge on debt taken on to fund acquisitions
- Tax payment reduced due to catch-up instalments in the 2011 year
- Total capex for 2012 is $22.4m which includes $18.2m cash capex and $4.2m under finance lease.
- Expansionary capex included major investments in further colour capability, production enhancements and IT refreshes totalling $13.2m. Maintenance capex was $9.2m.
- Investment in Joint Ventures of $3.8 million, principally in Roamz ($2.2m) and DPA ($1.0m)

$ million	2012	2011	Change $Am	Change %
Underlying EBITDA	*103.5*	*109.6*	*-6.1*	*-5.6%*
Operating cash flow pre interest, tax & significant items	117.5	99.2	18.3	18.4%
Underlying EBITDA conversion to cash flow	**114%**	**91%**		**23.0%**
Interest	-21.0	-16.1	-4.9	-30.4%
Tax	-13.5	-27.7	14.2	51.3%
Significant item payments	-5.4	-14.7	9.3	63.3%
Net operating cash flow	**77.6**	**40.7**	**36.9**	**90.7%**
Financing and Investing activities				
Cash capital expenditure	-18.2	-23.8	5.6	23.5%
Dividends paid	-33.6	-54.2	20.6	38.0%
Investment in Joint Ventures	-3.8	-1.0	-2.8	NMF
Other	-5.2	-0.4	-4.8	NMF
Net financing and investing cash flow	**-60.8**	**-79.4**	**18.6**	**23.4%**
Net cash increase / (decrease)	**16.8**	**-38.7**	**55.5**	**NMF**

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STRATEGY & BUSINESS UNIT REVIEW

Grant Harrod

What is Salmat?

We help our clients:

Acquire
Retain
Grow

Customers

by

Salmat Omni-channel Communication Services

Brand Management Services

- Email + loyalty marketing
- Social marketing + monitoring
- SEM + SEO
- Mobile apps
- Loyalty management
- Data insights + reporting
- Strategy consulting

Commerce Services

- Catalogue distribution
- E-commerce
- Kiosk Services
- Voice + speech
- Direct sales
- Lasoo
- Roamz
- Digital catalogues
- E-learning

to

Maximise their

ROC

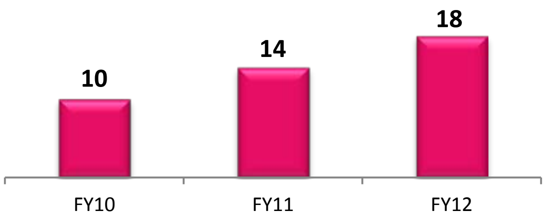
Return on Communication

Consistent long term growth strategy

Digital transformation

Expanding technology services

Growth of Digital Services - % of group rev



One Salmat

Deliver omni-channel solutions

- **75%** more likely to win an opportunity if already a client.
- **1 in 3** current sales opportunities span business units – up 70% on prior year.

New markets

Extend current services into new markets

Over 2 million Australian SME

- SME EBITA up more than 90% on pcp
- Run rate 400m catalogues distributed per annum, target is 1 billion in 3-5 years

Optimise

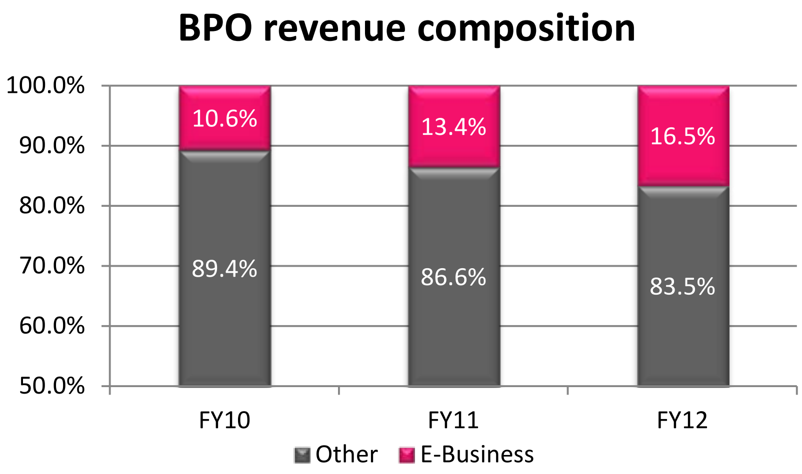
Margin expansion – continuous improvement and efficiency programs

- Delivered $32m of benefits in 2012

Business Process Outsourcing

$ million	H2 2012	H2 2011	Change % pcp	2012	2011	Change % pcp
Sales revenue	157.4	155.6	1.2%	316.0	318.5	-0.8%
Underlying EBITA	28.0	19.9	40.7%	49.5	41.8	18.4%
Margin	17.8%	12.8%		15.7%	13.1%	

- Strong performance from BPO
- Revenue growth in H2 reflects
  - new business wins both in Transaction Services and E-Business
  - existing customers engaging new E-business services
- E-Business growth of 22% to $52.1m, now 16.5% of total revenue (up from 13.4%)
- Margin expansion (260bps in 2012 and 500bps in H2) due to operational efficiencies and services mix
- Mail Impressions (+2.8%) increasing ahead of volumes (+0.1%), reflecting increasing cross promotions per mail pack



Targeted Media Solutions (TMS)

$ million	H2 2012	H2 2011	Change % pcp	2012	2011	Change % pcp
Sales revenue	132.7	129.0	2.9%	275.2	250.8	9.7%
Underlying EBITA	17.5	20.0	-12.5%	36.2	42.5	-14.8%
Margin	13.2%	15.5%		13.2%	16.9%	
Volume	2.5bln	2.4bln	4.2%	5.2bln	5.0bln	4.0%

- Revenue up on both H2 and full year period
  - Catalogue revenue growth in H2 and full year
  - Digital revenue up (+34%) significantly for full year
  - Catalogue volumes continue to be strong for major retailers
  - SME/LDN strategy volumes (+4.5%) and revenue (+8.0%) continue to grow strongly
- Underlying EBITA margin contraction
  - Catalogue EBITA growth in H2, but negative for the year due to:
    - Growth in major clients impacting gross margins
    - Investment in the SME strategy and building out sales team
  - Additional investment ($3.5m) in Digital businesses to commercialise and build scalable platforms

TMS – Catalogue growth drivers

- Rolling out “Direct Media” strategy to expand market, including
  - Non traditional retailers and FMCG customers
  - Creative and Media Buying agencies

- SME Strategy
  - World first, self service, unaddressed mail portal (www.LDN.net.au)
  - Integrated with Google maps providing highly targeted local marketing solution
  - One stop campaign management service for SME businesses, adding digital services in FY13
  - Good revenue growth, +8% for the year, ahead of volume growth +4.5%
  - Run rate 400m catalogues per annum, target of 1.0 bln in 3-5 years
  - EBITA contribution up 92% for the year – contributing approx 9% letterbox EBITA

TMS – Lasoo

- FY12 integration stats showing continued momentum
  - Interactions (pay per click) +8.3%
  - Page views (advertising revenue) +16%
  - 1.7M average total visitors per month (+57%)
  - 12.3M average mobile page views per month (now 25% of all traffic)
  - 87M page average views per month on Dynamic Catalogues
- Hired new Executive General Manager, commercial on-line background
- 58% of pricing now CPI (Cost Per Interaction) up from 35% in FY11
- Total investment for FY12 = $3.6m ($1.1m in H1)
- FY13 focus
  - Site developments
    - Enhanced mobile functionality
    - Expanded user interaction, including reviews, recommendations, photo matching, deal alerts & sharing functionality
    - E-Commerce functionality to allow a shopper to place orders directly through Lasoo into retailers site
    - Upgrade Dynamic Catalogue
  - Commercial strategy
    - Continued transition of retailers to CPI pricing
    - Roll out Partnership program
    - New revenue streams
  - Forecasting investment $2.7m in FY13

TMS – Salmat Digital

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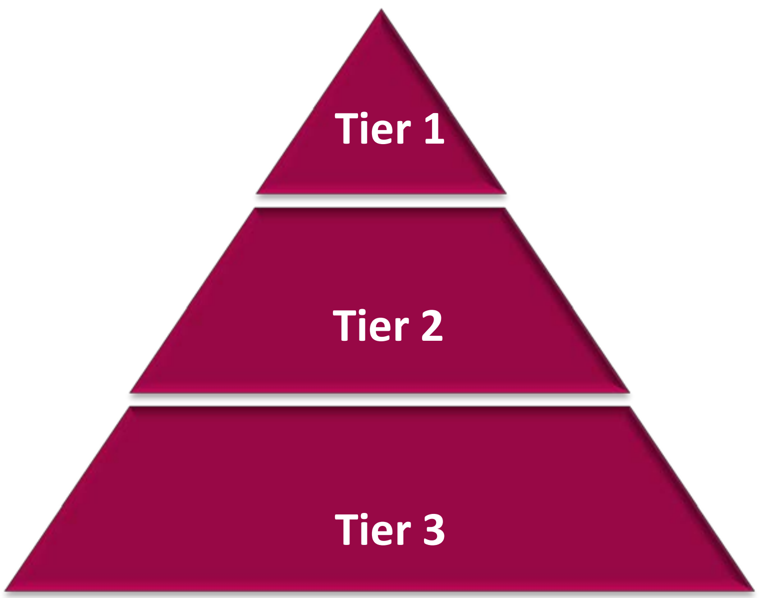
Integrated Digital services business – "We manage your digital ecosystem"

Customer Target Markets



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Customer Contact Solutions (CCS)

$ million	H2 2012	H2 2011	Change % pcp	2012	2011	Change % pcp
Sales revenue	111.0	130.8	-15.1%	232.2	293.7	-20.9%
Normalised sales revenue*	111.0	120.4	-7.8%	232.2	221.7	4.7%
Underlying EBITA	5.3	6.0	-11.7%	11.0	16.0	-31.3%
Normalised underlying EBITA*	5.3	4.4	20.5%	11.0	9.0	22.2%
Call Centre seat utilisation (average)	62%	62%	-	62%	77%	-15%
Underlying EBITA margin	4.8%	4.6%	0.2%	4.7%	5.4%	-0.7%
Normalised EBITA margin	4.8%	3.7%	1.1%	4.7%	4.1%	+0.6%

*2011 normalised sales revenue and underlying EBITA figures have been adjusted for the impact of CCS contract closures.

- Contact centres
  - Solid pipeline underpinning growth prospects, cycling out Telstra contact centre revenues
  - Underlying growth up +22%
  - Investing in cutting edge multi channel telephony platform (Project Reach) will improve efficiency and extend income streams from FY14
- NZ near-shore strategy gaining strong momentum as alternative to “offshore” and providing excellent value for clients
- Requirement for omni-channel customer service capability will drive opportunities

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Customer Contact Solutions (CCS)

- Speech turn around performance – underlying EBITA growth of +30.3%
  - Divested non-performing UK & USA operations
  - Implement new productised systems – the "Digitisation of Contact Centres"
  - e.g. Call signature solutions, track and trace, store locator
  - Strong pipeline of new opportunities

- Direct sales channel continues to be impacted by soft discretionary spend environment
  - Zero EBITA contribution in 2012 – (2011 was $2.3m)
  - Anticipate improved economic environment will see business turn around
  - Aggregate products in kiosks and door to door into "Concierge Service" e.g. Telco, Energy, Pay TV, Media subscription

CONCLUSION

Grant Harrod

Summary

- Positioning Salmat to be Australia's leading omni-channel communication partner
- Clients need to establish multiple touch points with customers in their communication / sales / service strategy
- The traditional business is strong
  - Leading market positions
  - High barriers to entry in major markets
  - Highly cash generative
- Strategic investments, some ahead of the curve, have established a solid platform from which to grow scalable digital revenue
- Economic cycle not helpful, however performance reflects resilience and now well positioned for up turn
- Post divestment of BPO focus on accelerating growth strategy
- Update on performance and plans at AGM on 13 November

THANK YOU

APPENDIX

Significant Items

Significant items:	2012 $'m		2011 $'m	
	Pre Tax	Post Tax	Pre Tax	Post Tax
Restructuring costs	(2.5)	(1.7)	-	-
Share of equity accounted losses in start up digital joint ventures	(2.2)	(2.2)	-	-
Transaction costs on sale of BPO division	(0.7)	(0.5)	-	-
Net property profit (recognised in 2008)	-	-	1.6	1.1
Property relocation costs	-	-	(5.5)	(3.9)
Contract exit cost	-	-	(2.5)	(1.7)
Digital acquisition, transaction and integration costs	-	-	(2.8)	(1.9)
Total significant items	**(5.4)**	**(4.4)**	**(9.2)**	**(6.4)**

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Divisional Summary

$ million	H2 2012	H2 2011	Change % pcp	2012	2011	Change % pcp
Reported sales revenue:						
Business Process Outsourcing	157.4	155.6	1.2%	316.0	318.5	-0.8%
Targeted Media Solutions	132.7	129.0	2.9%	275.2	250.8	9.7%
Customer Contact Solutions	111.0	130.8	-15.1%	232.2	293.7	-20.9%
Group reported sales revenue	**401.1**	**415.4**	**-3.4%**	**823.4**	**863.0**	**-4.6%**
Underlying EBITA:						
Business Process Outsourcing	28.0	19.9	40.7%	49.5	41.8	18.4%
Targeted Media Solutions	17.5	20.0	-12.5%	36.2	42.5	-14.8%
Customer Contact Solutions	5.3	6.0	-11.7%	11.0	16.0	-31.3%
Corporate	-8.2	-6.1	-34.4%	-16.1	-11.7	-37.6%
Group underlying EBITA	**42.6**	**39.8**	**7.0%**	**80.6**	**88.6**	**-9.0%**
Significant items	-4.3	-4.3	0.0%	-5.4	-9.2	41.3%
Group EBITA	**38.3**	**35.5**	**7.9%**	**75.2**	**79.4**	**-5.3%**

Business Process Outsourcing

	2012 H2	2011 H2	% change pcp	2012	2011	% change pcp
Mail pack impressions (m)	1.75b	1.70b	2.9%	3.64b	3.54b	2.8%
Mail pack volumes	521m	508m	2.6%	1060m	1056m	0.1%
E-documents	50m	44m	13.6%	100m	78m	28.2%
E-business as % revenue	18.2%	15.2%	3.0%	16.5%	13.4%	3.1%

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Targeted Media Solutions – Lasoo & ROAMZ

	H2 2012	H2 2011	% change pcp	2012	2011	% change pcp
Lasoo total visits	9.9m	8.9m	11.2%	21.0m	19.4m	8.2%
Lasoo page views	265m	239m	10.9%	670m	548m	22.3%
Total monthly unique visitors	5.6m	5.5m	0.2%	11.7m	11.4m	2.6%
Lasoo offer interactions	20.7m	18.3m	13.1%	43.2m	39.4m	9.6%
Lasoo offer impressions	2.4b	2.7b	-11.1%	5.7b	5.9b	-3.4%
Mobile device visits	2.1m	1.0m	110%	4.1m	2.0m	105%

ROAMZ statistics

Since launching on October 20th, 2011

- 145,000+ downloads
- 600,000+ sessions
- 6 million+ recommendations made
- Slight male skew
- 18-35 key demographic

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THANK YOU